



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY FORCES COMMAND
FORT MCPHERSON, GEORGIA 30330-6000

REPLY TO
ATTENTION OF

AFLG-PROM

24 January 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-16

1. This CIL contains information on the following subjects:
 - a. FY 97 Competition Goals,
 - b. Students Attending ALMC Courses,
 - c. New Phone Number for Fort McPherson,
 - d. Schedule for Blanket SF-98 Submission,
 - e. International Merchant Purchase Authorization Card (IMPAC) Rules,
 - f. Delay in Abolishment of Imprest Funds,
 - g. Army Acquisition Corps/Workforce Position Certification Requirements, and
 - h. A Significant New General Accounting Office (GAO) Case on "Bundling" - Advanced Elevator Services, Inc.
2. FY 97 Competition Goals. The Competition goals for FY 97 are shown at enclosure 1. For additional information, please contact MAJ Bruce McFarland at DSN 367-7175.
3. Students Attending ALMC Courses. Students attending ALMC courses at Fort Lee, VA, should ensure that they receive any travel advance prior to departing their station or have the American Express card to pay for lodging and use the ATM for cash advances. The Fort Lee DAO will pay advances on Fort Lee funded travel or open allotment only.
4. New Phone Number for Fort McPherson. Effective midnight, 14 Feb 97, the prefixes for all of Fort McPherson will change from 669 and 752 to 464. The DSN for all of Fort McPherson will be 367. The area code remains 404.

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administration of multiple contracts no longer possible.

(3) GAO favorably viewed GSA's "economies of scale" argument, and the related government decision to use a longer-term contract in an effort to provide incentives for vendors to offer more competitive pricing.

(4) GAO was also impressed with the GSA argument that award of larger-dollar contracts incentivize contractors to deliver better quality service - since a government termination would have more of a major financial impact on the company's contract "investment".

(5) Advanced Elevator, Inc., is the latest in a series of "bundling" cases where GAO has shown increased willingness to uphold agency decisions to consolidate or otherwise regionalize related services under a single contract where the agency demonstrates a reasonable necessity in furtherance of its operational needs.

c. Over the past ten years, GAO has begun to change direction, and to uphold selected agency "bundling" actions where:

(1) Government personnel reductions and agency budget-cutting precludes use of multiple contracts for similar or related functions;

(2) Consolidated Facilities Management contracts integrate various services for a single building, or for several buildings in the same city, or even for multiple buildings in different cities;

(3) Consolidation of related services is designed to result in significant savings in contract administration, agency testing methods, or reduced errors in invoice processing and payment;

(4) Agency seeks to achieve systems integration in information management contracts by minimizing the confusion of managing a large number of contractors.

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5. Schedule for Blanket SF-98 Submission. Reference memo, Labor Advisor, dtd 15 January 1997, SAB (encl 2). The Department of Labor will not send out a schedule for FY 97. For the current fiscal year, you should continue to use the FY 96 blanket schedule.

6. International Merchant Purchase Authorization Card (IMPAC) Rules. Reference msg, DALO-SMP, SAB (encl 3). This message is a major change in supply policy and may require changes in local regulations, SOPs, and Supplements to regulations. Insure that these changes are incorporated into the IMPAC training. For additional information, please contact Ms. Pat Boterweg at DSN 367-5486.

7. Delay in Abolishment of Imprest Funds.

a. Cash Imprest funds were to be abolished after 1996. Purchases typically made with the Imprest funds were to be made with the IMPAC purchase card. However, we found that the card could not be used in all cases and therefore an alternative purchase vehicle was being sought. The answer seemed to be VISA checks but after considerable efforts on the part of OSD to get VISA checks at affordable rates, we are not there yet.

b. The attached draft memo (encl 4) from the office of ASA Financial Management proposes to delay the abolishment of the funds until the checks become available (May/June). For additional information, please contact Ms. Pat Boterweg at DSN 367-5486.

8. Army Acquisition Corps/Workforce Position Certification Requirements.

a. Reference memo, SARD-ZAC, undated, SAB (encl 5). The requirement for the issuance of certification waivers before 1 October 1996 for those who are not certified in their present position is waived. You are requested to continue the certification process within your organization for those that are not certified.

b. It is very important to update your CATS report on a quarterly basis. This will allow you and the headquarters to have current information on hand which will save numerous data

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calls. For additional information, contact Clyde Thomas at DSN 367-6372.

9. A Significant New General Accounting Office (GAO) Case on "Bundling" - Advanced Elevator Services, Inc.

a. Subject GAO case (encl 6) is forwarded for information [Advanced Elevator Services, Inc., B-272340; B-272340, 26 Sep 96. (3 pages)].

(1) It is evident that GAO has begun to recognize that "personnel downsizing" and "agency funding cuts" are reasonable considerations in agency decision making to support "regionalization" of agency requirements. Agency downsizing and related funding cuts are now recognized as legitimate reasons for the agency's determination of its own "minimum needs".

(2) The "anti-bundling" rule is a "GAO created" rule of interpretation of the Competition in Contracting Act (CICA). This interpretation has in the past been used successfully by small businesses to challenge regional contracts on the basis that the size of the work cuts them out of being able to compete for the job.

(3) Theory used in the past by protesters has been that agencies must design the specifications to meet their "minimum needs" to maximize competition to comply with CICA. Until recently GAO agreed with the argument that large, regional contracts that could be satisfied by a series of small local contracts amounted to a "restrictive specification". Therefore, the smaller contracts had been "bundled" into a large, single contract and the small businesses could not compete - hence the name "anti-bundling".

b. The following key issues are evident from the enclosed GAO decision:

(1) GAO upholds "bundling" where shown as necessary to meet the agency's "minimum needs" - ignoring protester pleas that such approach is inherently detrimental to "small business".

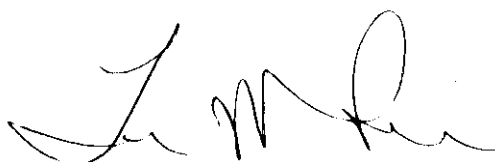
(2) Minimum needs may include agency necessity arising from personnel downsizing and budget cuts making award and

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d. Overcoming GAO resistance to "bundling" holds major potential significance in the regionalization of contracts. Under the implementation of the FORSCOM Regionalization of Contracting, it is recognized that personnel/fundings cuts in an agency or reengineering efforts can be a part of the "minimum needs" analysis supporting large regional contracts. The Contracting community should ensure that adequate documentation is included in each file to support these contracts.

e. For additional information, please contact Gail Burrell at DSN 367-6787.



TONI M. GAINES
Chief, Contracting Division, DCSLR
Principal Assistant Responsible
for Contracting

6 Encls
as

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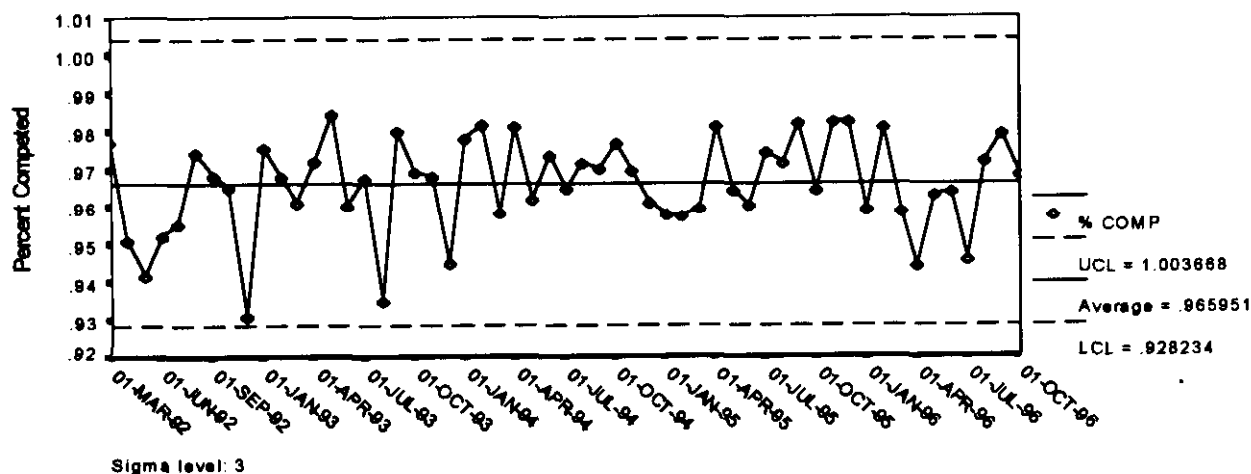
ARMY ATLANTA CONTRACTING CENTER, ATTN: AFLG-PRC

1. Forces Command achieved 96.8 percent competition in FY 96, exceeding our goal of 96 percent. The FY 97 FORSCOM goal remains 96% for all Directorates of Contracting except the Army Atlanta Contracting Center (AACC). The AACC goal is 93%.

2. Competition is a mature process in FORSCOM. For that reason, we use statistical process controls to monitor this process. The charts below show that our competition process has remained in control since Desert Storm, and experiences normal variation around the average of about 96.6 percent.

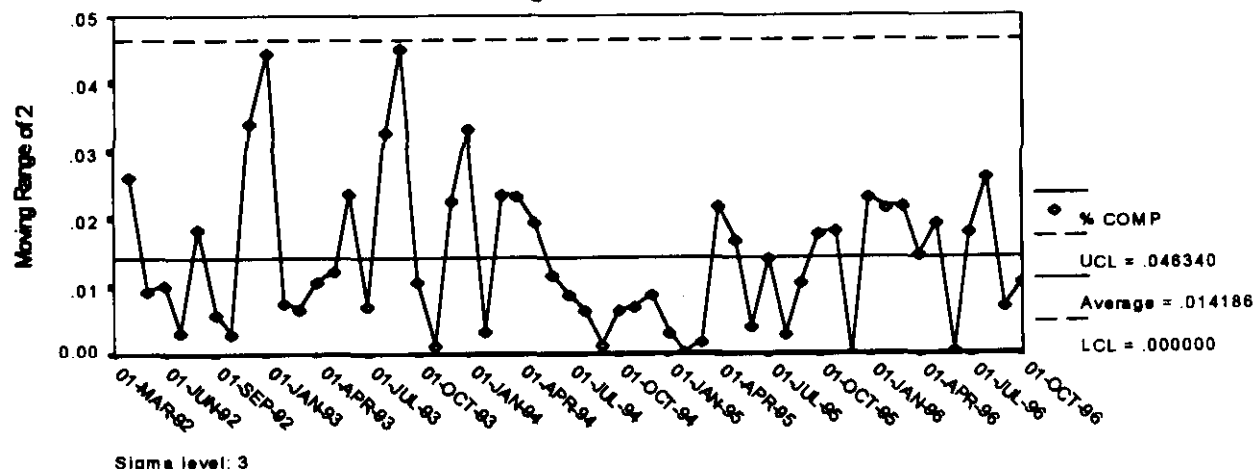
Control Chart: FORSCOM Competition

X Chart



Control Chart: FORSCOM Competition

Range Chart



3. The data in these charts include the AACC's performance. However, because the AACC is the contracting office in direct support to the Head of the Contracting Activity, their process operates at a significantly different level. The Regionalization initiative will serve to expand the AACC's population of competitive acquisitions, which will bring the AACC's competitive level closer to the rest of FORSCOM's over the next three years.

4. Because our process is in control and meets an acceptable level of performance, we do not plan to make any changes to the competition process in FORSCOM next year. Our competition goal for FY 97 will remain 96 percent.

5. In the coming year we must continue to stress competition in acquisition planning. Competition is a proven method for assuring high quality at the lowest reasonable cost. However, to fully leverage the competition advantage, competitive acquisitions must be properly anticipated, planned, and awarded with regard for quality and performance. Failure to perform adequate planning results in the "lowest bidder" mentality that cripples our credibility with our customers and erodes discipline in our contractor base.



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

21 JAN 1997



REPLY TO
ATTENTION OF
Labor Advisor


15 January 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Schedule for Blanket SF-98 Submission

1. This memorandum is to inform you that as a result of changing requirements under the Bureau of Labor Statistics (BLS) survey program, the Department of Labor (DOL) will not send out a schedule for Fiscal year 1997. Also, DOL has been informed by BLS that surveys will be conducted under the Consolidated Metropolitan Statistical areas format during the next fiscal year. For example, Seattle, Tacoma, and Bremerton will be surveyed as one area as well as the Baltimore, MD and Washington, DC areas will be consolidated as one survey.
2. For the current FY you should continue to follow the FY 1996 blanket schedule. The installation blanket year still commences sixty days after the required blanket request submission date as specified by the 1996 schedule. Please advise your individual contracting offices of this change.
3. If you have any questions regarding this memo, please contact Ms. Andrea Moore by phone at (703) 693-4071 or by electronic mail at mooreand@otjag.army.mil.

Encl
as


NATALIE L. GRIFFIN
LTC, JA
Labor Advisor, OASA(RDA)

DISTRIBUTION:

Director of Information Systems for Command, Control,
Communications and Computers, ATTN: SAIS-ZB
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Commander, U.S. Army South, ATTN: SODC-CO, APO AA 34004-5000

Commander, U.S. Army Special Operations Command, ATTN: AOCO,
Fort Bragg, North Carolina 28307-5200

Director, Defense Supply Service - Washington, ATTN: Deputy

Director for Acquisition, Washington, DC 20310

Commander, U.S. Army Forces Command, ATTN: ~~FCJ4-PR~~ ^{AFLG-PROM} Fort
McPherson, Georgia 30330-6000



AIG 9407

INFO RUEADWD/DA WASHINGTON DC//DALO-SMP//

BT

UNCLAS

SUBJECT: INTERNATIONAL MERCHANT PURCHASE AUTHORIZATION CARD (IMPAC) RULES

A. FEDERAL ACQUISITION REGULATION (FAR), PART 13, SIMPLIFIED ACQUISITION PROCEDURES, FAC 90-37, 26 JAN 96.

B. FAR PART 8, REQUIRED SOURCES OF SUPPLIES AND SERVICES, FAC 90-37, 26 JAN 96.

C. GOVERNMENT WIDE COMMERCIAL CREDIT CARD HANDBOOK, OCT 95.

D. HQDA, DALO-SMP MESSAGE DTG 071222Z JUN 96, SUBJECT, NEW SUPPLY POLICY FOR OBTAINING CERTAIN CATEGORIES OF SUPPLIES USING THE IMPAC AT COMPANY LEVEL AND HIGHER SUPPLY UPDATE 15, DA PAM 710-2-1, CHAPTER 2.

1. THE FOLLOWING RULES WILL BE OBSERVED WHEN USING THE IMPAC:

A. THE IMPAC MAY BE USED TO PURCHASE COMMERCIALY AVAILABLE GOODS AND SERVICES UNDER \$2500.

B. IMPAC MAY BE USED TO BUY CENTRALLY MANAGED NATIONAL STOCK NUMBER (NSN) ITEMS COMMERCIALY AVAILABLE WHEN THE DESIGNATED APPROVING OFFICIAL (THE INDIVIDUAL WHO SUPERVISES THE CARDHOLDER) DETERMINES THE PURCHASE TO BE IN THE BEST INTEREST OF THE GOVERNMENT. BEST INTEREST EQUATES TO A COMBINATION OF QUALITY, TIMELINESS, COST AND IMPROVED READINESS. AN EXAMPLE IS A REPAIR PART PURCHASED FROM A DLA APPROVED VENDOR SUCH AS JOHN DEERE OR FREIGHTLINER.

C. CREDIT CARD HOLDERS MAY BY-PASS THE STOCK RECORD ACCOUNT WHEN PURCHASING ITEMS THAT:

(1) ARE NOT ON THE ARMY INVENTORY.

(2) HAVE BEEN ASSIGNED A NSN BUT HAVE BEEN CODED IN THE ARMY MANAGEMENT DATA FILE FOR LOCAL PURCHASE WITH ACQUISITION ADVICE CODE OF "K", OR "L".

(3) NEEDED IN EMERGENCY SITUATIONS.

(4) THAT HAVE BEEN PREVIOUSLY REQUISITIONED THROUGH THE SUPPLY SYSTEM BUT HAVE BEEN RETURNED TO THE CUSTOMER FOR LOCAL PURCHASE PROCUREMENT WITH REJECTION CODES OF "CK", "CP" AND "CW."

D. CARDHOLDERS MUST OBSERVE ESTABLISHED PRIORITIES FOR USE OF GOVERNMENT SUPPLY SOURCES. IN DESCENDING ORDER OF PRIORITY, AS DESCRIBED IN 41 CODE OF FEDERAL REGULATIONS 101-26.107, AGENCIES SHALL SATISFY SUPPLY REQUIREMENTS FROM: AGENCIES INVENTORIES, EXCESS FROM OTHER AGENCIES, FEDERAL PRISON INDUSTRIES, PROCUREMENT LISTS OF PRODUCTS AVAILABLE FROM THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED, WHOLESALE SUPPLY SOURCES, (SUCH AS STOCK PROGRAM OF THE GENERAL SERVICES ADMINISTRATION, THE DEPARTMENT OF VETERAN AFFAIRS AND MILITARY CONTROL POINTS), AND FINALLY COMMERCIAL SOURCES.

E. DEMANDS MUST BE RECORDED FOR IMPAC PURCHASES OF REPAIR PARTS. POST-POST PROCEDURES ARE REQUIRED TO RECORD THESE PURCHASES. ULLS CUSTOMERS WILL PROCESS A DEMAND TRANSACTION, DIC DHA TO SARSS-1. DEMAND DATA IS REQUIRED FOR MATERIEL MANAGEMENT CENTER AT THE NATIONAL LEVEL AND FOR INPUT TO THE TRM MODEL.

F. LOCAL PURCHASE PROVISIONS UNDER AR 710-2, PARAGRAPH 4-20 DO NOT APPLY TO IMPAC PURCHASES.

G. HAND RECEIPT HOLDERS MUST PREPARE DD FORM 250 MATERIAL INSPECTION AND RECEIVING REPORT TO ACKNOWLEDGE AND REPORT PURCHASES OF NONEXPENDABLE ITEMS TO THE PBO. THE FOLLOWING PROCEDURES WILL BE USED WHEN

COMPLETING THE DD FORM 250 AND WILL BE FOUND IN UNIT SUPPLY UPDATE 15.

- (1) BLOCK 1. ENTER THE WORD "IMPAC"
- (2) BLOCK 2. ENTER THE INVOICE NUMBER OR REFERENCE NUMBER FROM VENDOR'S RECEIPT.
- (3) BLOCK 9. ENTER THE VENDOR'S NAME AND ADDRESS.
- (4) BLOCK 13. ENTER THE HAND RECEIPT NUMBER AND UNIT ADDRESS.
- (5) BLOCK 15 THRU 20. ENTER INFORMATION PERTAINING TO ITEM(S) PURCHASED.
- (22) ENTER DATE OF PURCHASE AND HAND RECEIPT HOLDER'S SIGNATURE.

2. ODCSLOG POC FOR THIS ACTION IS CW4 TUR-ROJAS, DSN 225-6913, FAX DSN 227-9671-, E-MAIL
TUR-RVR@HQDA.ARMY.MIL
BT

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Extension of Deadline to Eliminate IMPREST Funds

The purpose of this policy is to extend the deadline for the Elimination of IMPREST funds for all Army activities until VISA check capabilities are made available with the conversion to the new IMPAC card program.

Most former IMPREST fund purchases can, and should, be made with the IMPAC card. However, some activities in the Army do need to make small dollar value purchases from vendors who do not accept the card as a method of payment. DOD has not yet been able to provide satisfactory "cashless" alternatives to take the place of these special funds.

Therefore, I am mandating that Army Activities be allowed to keep IMPREST funds currently in use until that activity is converted to the new IMPAC card software that provides access to VISA convenience checks. Supporting DFAS elements are asked to continue to replenish these funds as necessary. Current conversion plans call for conversion to begin in April 97 and be completed no later than June 97. More information on this initiative will be forthcoming under separate cover.

My point of contact for this action is Kathleen S. Miller, (703) 697-0757, EMAIL MILLEKS@HQDA.ARMY.MIL.

**Ernest J. Gregory
Deputy Assistant Secretary of the Army
(Financial Operations)**

SARD-ZAC

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Acquisition Corps/Workforce Position
Certification Requirements

Reference SARD-ZAC memorandum, June 3, 1996, Subject:
Postponement of the Initiation of Acquisition Certification
Waivers.

The above referenced memorandum postponed the issuance of position certification waivers until October 1, 1996. This date was based on the anticipated completion of both phases of a comprehensive FY96 Civilian Acquisition Position List (CAPL) review. The FY96 CAPL review was performed through consistent application of revised DoD 5000.52 criteria. It was designed to permit the Director, Acquisition Career Management, commanders and functional representatives the opportunity to take a comprehensive look at their acquisition workforce positions and to consistently designate/redesignate positions based on the new criteria.

It is now evident that both phases of the CAPL review will not be completed when originally planned. In addition to the CAPL delay, the Acquisition Career Management Office (ACMO) has commenced a reengineering effort designed to automate and streamline the certification process. For these reasons, I am rescinding the above referenced memorandum and the statement in the Final Draft, 1994, Army Acquisition Civilian Workforce Certification Handbook, which required position certification waivers be initiated by June 30, 1996, for any workforce members who are not certified at the level and in the career field designated for the acquisition position to which they are currently assigned.

Request that you continue to send certification documentation to supporting Civilian Personnel Offices (CPOs), and also to the Director, Acquisition Career Management, ATTN:

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Ms. Janet Jones, 9900 Belvoir Road, Suite 101, Fort Belvoir, Virginia, 22060-5567, since the Army Civilian Personnel System (ACPERS) does not support entering multiple instances of certification for individuals. This process will permit Acquisition Career Management Office tracking of multiple

certifications until the certification reengineering effort is complete and new procedures are developed and implemented.

I remain committed to having all Army Acquisition Workforce members continue to strive to meet the certification standards for the position to which they are assigned within 18 months of their assignment.

The point of contact for this action is Mr. Ken Murphy, Commercial: (703) 695-7643, DSN 225-7643, or email: cert@sarda.army.mil.

/s/ December 12, 1996

KEITH CHARLES
Deputy Director
Acquisition Career Management

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ARMY MATERIEL COMMAND
ASSISTANT SECRETARY OF THE ARMY, MANPOWER AND RESERVE AFFAIRS
DIRECTOR, ARMY CENTER FOR CIVILIAN HUMAN RESOURCE
MANAGEMENT
CIVILIAN PERSONNEL OPERATIONS CENTERS, CIVILIAN PERSONNEL
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COMMANDERS, MAJOR ARMY COMMANDS
EQUAL EMPLOYMENT OPPORTUNITY AGENCY
FUNCTIONAL CHIEF REPRESENTATIVES
PROGRAM EXECUTIVE OFFICES
PM, CHEMICAL DEMILITARIZATION

-3-

PM, JOINT PROGRAM OFFICE FOR BIOLOGICAL DEFENSE
PM, JOINT TACTICAL UNMANNED AERIAL VEHICLES
U.S. MILITARY ACADEMY
U.S. TOTAL ARMY PERSONNEL COMMAND

SARD-ZAC

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Postponement of the Initiation of Acquisition
Position Certification Waivers

The DoD 5000.52-M, Acquisition Career Development Program, requires that individuals assigned to acquisition positions must "possess the certification standards of the position before or within 18 months of" their assignment to that position. If an incumbent does not meet certification requirements within the 18 months, the DoD 5000.52-M further states that "the organization must initiate a position certification waiver."

We have determined that the results of the ongoing Civilian Acquisition Position List (CAPL) build will have a tremendous impact on the number of certification waivers required. In the process of verifying the designation of civilian acquisition positions, many organizations are recommending that positions be added and others eliminated based on their analysis from a command and functional perspective. By continuing to impose the 18 month requirement for acquisition position certification, many waivers will be unnecessarily processed for individuals whose positions may no longer be coded as acquisition upon approval of the CAPL.

I remain committed to having all Army Acquisition Workforce members meet the certification standards for the position to which assigned within 18 months of assignment. However, based on the situation described above, I am postponing the issuance of position certification waivers until October 1, 1996. We fully expect the CAPL to have been revised and approved at that time.

Request the widest possible dissemination to the Acquisition Workforce.

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Point of contact for this action is Mr. Ken Murphy,
Commercial: (703) 805-5368, DSN: 655-5368 or e-mail:
cert@aim.belvoir.army.mil.

/s/ June 3, 1996

KEITH CHARLES
Deputy Director
Acquisition Career Management

DISTRIBUTION:
PROGRAM EXECUTIVE OFFICERS
COMMANDERS, MAJOR ARMY COMMANDS
FUNCTIONAL CHIEF REPRESENTATIVES
ALL STAFF AND OPERATING CIVILIAN PERSONNEL OFFICES

CF:
OSD(A&T)

Advanced Elevator Services, Inc., B-272340; B-272340.2, September 26, 1996



Matter of: Advanced Elevator Services, Inc.

File: B-272340; B-272340.2

Date: September 26, 1996

Rene' A. Marques for the protester. Scarlett D. Grose, Esq., General Services Administration, for the agency. Paula A. Williams, Esq., John Van Schaik, Esq., and Michael R. Golden, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest by small business that solicitation for elevator/escalator maintenance services, which combines the services on a regional basis rather than on a local basis as was previously done, unduly restricts competition is denied because the agency is not required to separately obtain these services where the agency's overall needs can be most effectively provided through a consolidated procurement approach.

DECISION

Advanced Elevator Services, Inc., a small business, protests the terms of request for proposals (RFP) No. GS06P96GXC0029, issued by the General Services Administration (GSA) for multiple region elevator/escalator maintenance services. The protester contends that the RFP is unduly restrictive because it combines these services, which were previously awarded on a local basis, into multiple region groups by equipment manufacturer, thereby excluding small business participation.

We deny the protest.

Prior to the issuance of the RFP, GSA established a Business Process Re-engineering (BPR) team to study various methods to improve and streamline the procurement process for elevator maintenance services while reducing overall costs. The BPR team solicited the views of major elevator manufacturers, small businesses, other industry organizations, and regional procurement officials within GSA and other federal agencies. The BPR team examined several approaches to the delivery of these services, including the advantages and disadvantages of contracting on a nationwide, regional, or local basis. The BPR concluded that nationwide elevator maintenance contracting was the approach best suited to improving services to GSA's tenant agencies while reducing costs. As an implementation tool, the BPR team recommended contracting on a regional basis as a pilot program before going nationwide.

The RFP's specifications were prepared based on the findings and recommendations of the BPR team. The RFP contemplated award of up to five, fixed-price contracts with economic price adjustment for services at 178 federal buildings in three GSA regions which span 15 states. Each contract will be for

a 5-year base period with two 5-year bilateral options.¹ To be considered for award, the solicitation required offerors to submit offers for all buildings within a group; the buildings were grouped by elevator manufacturer.² Advanced Elevator, an incumbent at one of the buildings, contends that consolidating the elevator service requirements into five multiple region contracts is unduly restrictive because the requirements are larger than any small business firm can provide since the equipment is located in 15 different states and a response time of 1 to 3 hours is required by the solicitation.³ The protester maintains that the requirements should be divided into several solicitations to allow increased competition as required by applicable procurement laws and regulations. In addition, Advanced Elevator alleges that grouping the equipment by manufacturer gives those manufacturers, only one of which is an American-owned firm, an unfair competitive advantage.

In response, GSA questions the extent to which small businesses are prejudiced by the requirements of the solicitation. The agency explains that it considered the impact of grouping its requirements by region on small business participation and concluded that the contracts to be awarded under this solicitation are in the dollar range that is within the capability of small businesses. Moreover, GSA contends, nothing in the solicitation prohibits small businesses from forming joint ventures or other teaming arrangements in the event that an individual small business does not operate within the entire 15-state area.

GSA further maintains that, in any case, award of multi-regional elevator maintenance contracts would best accommodate the agency's need to provide quality service to its tenant agencies while achieving significant savings. Specifically, GSA argues that because of downsizing and a decrease in its operating budget, the agency does not have sufficient personnel or resources to continue to award and administer 103 separate contracts for elevator maintenance services in these three regions. While this was acceptable in the past, the agency states that under the current budgetary constraints, this approach imposes an unacceptable burden on the agency for processing contract awards and performing contract administration. According to the agency, bundling these services into five regional contracts will significantly reduce the agency's administrative burden of managing 103 contracts for elevator maintenance in 178 buildings. Furthermore, bundling these requirements will provide cost savings from economies of scale, such as volume discounts, a higher level of service, a shift of quality control costs from the agency to the contractor, greater accountability for maintenance and repair arising from longer contract terms and administrative cost savings due to the significant decrease (from 103 to 5) in the number of contracts the agency would have to administer.

In preparing a solicitation for supplies or services, a contracting agency must specify its needs and solicit offers in a manner designed to achieve full and open competition, and may include restrictive provisions and conditions only to the extent necessary to satisfy the needs of the agency. 41 U.S.C. § 253a(a)(2) (1994). Since bundled, consolidated, or total-package procurements combine separate, multiple requirements into one contract, they have the potential for restricting competition by excluding firms that can furnish only a portion of the requirement. *Border Maintenance Serv., Inc.*, B-260954; B-260954.2, June 21, 1995, 95-1 CPD ¶ 287. Therefore, the bundling of requirements will be upheld only where it is shown to be necessary to meet the agency's minimum needs. *Id.*; *A&C Bldg. and Indus. Maintenance Corp.*, B-230839, July 21, 1988, 88-2 CPD ¶ 67.

We think GSA's justification for bundling its elevator maintenance requirements is reasonable. As discussed above, GSA explains that due to recent personnel losses and budget cuts, it simply does not have sufficient personnel and resources to continue to award and manage more than 100 separate contracts for elevators in 178 buildings in three regions. We have held in similar circumstances that bundling of requirements was not legally objectionable because such bundling was necessary for the

agency to meet its minimum needs. See *Border Maintenance Serv., Inc., supra*; *A&C Bldg. and Indus. Maintenance Corp., supra*. Accordingly, we see no basis to object to the bundling of requirements here.

In addition, the agency believes that its acquisition strategy will lead to improved delivery of these services to the tenant agencies. The agency relied on the acquisition strategy recommended by the BPR team in order to achieve economies of scale accruing to the benefit of the government in grouping the elevators by manufacturer within a specific geographical region. Underlying this strategy is the agency's belief that this approach will provide incentives to a prospective contractor to offer competitive prices to service the elevators of one particular manufacturer for a longer contract term (5 years as compared to 3 years), and two, 5-year bilateral option periods as opposed to the typical 1 to 3 years unilateral options. Additionally, as the agency points out, the contractor will have greater incentive to deliver quality services, as failure to do so would have a major impact on the contractor's business resulting from contract termination. While Advanced Elevator recognizes that GSA "has made an attempt to reduce the costs of operating Government," it insists that this type of bundling is an attempt by GSA to award sole source manufacturer's maintenance contracts to the detriment of small businesses. On the basis of this record, we have no reason to object to GSA's procurement approach as we find such an approach is necessary to meet the agency's minimum needs.

We deny the protest.⁴

Comptroller General of the United States

NOTES

\1 There are presently 103 contracts for elevator services in these 178 buildings. These contracts are typically for 3 years with unilateral options ranging from 1 to 3 years.

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\2 Subsequent to the filing of this protest, the agency received initial proposals from three firms for Groups 1, 2, 3, and 5; for Group 4, four firms submitted proposals. The protester submitted a proposal for only one building in each of Groups 1, 2, and 5.

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\3 The protester also complains that GSA will not renew the option in its current elevator maintenance contract but will obtain these services through the new contracts. However, the option is exercisable at the sole discretion of the government, so the decision not to exercise the option is a matter of contract administration and not within the scope of our bid protest function. *The Big Picture Co., Inc.*, B-220859, Oct. 31, 1985, 85-2 CPD ¶ 512.

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\4 Advanced Elevator also protests the rejection of its proposal. GSA rejected Advanced Elevator's proposal because it included a price for only selected buildings within Groups 1, 2, and 5. We note the RFP specifically required that proposals include prices for all buildings within a group, *i.e.*, the buildings within a group were bundled. Advanced Elevator chose to ignore the RFP instructions; consequently, the agency properly rejected its proposal.

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